

### Mid-term Survey of AGP 2013

The AGP is a five-year program which has a primary objective “to increase agricultural productivity and market access for key crop and livestock products in targeted *woredas* with increased participation of women and youth”.



ESSP II in collaboration with CSA has completed data collection of 93 *woredas* in Amhara, Oromiya, SNNP and Tigray Regions - *woredas* deemed to possess high agricultural growth potential that can be realized with appropriate interventions. Currently, data compilation is under process.

### New ESSP Publications

Women's Participation in Agricultural Cooperatives in Ethiopia. Thomas Woldu, Fanaye Tadesse, and Marie-Katherine Waller. 2013. *ESSP Working Paper 57*.

### Staff News

Indra Lamoot, Communication Specialist at IFPRI/ESSP, has left Addis Ababa.

The wife of Fantu Nisrane, Research Collaborator at IFPRI/ESSP, gave birth to a baby boy in July 2013.

### IFPRI – ESSP II and EDRI Small Research Grant

In order to increase the national capacity to conduct policy-relevant economic research, ESSP II funds for the third time a small research grants scheme.

25 candidates (4 PhD and 21 MA/MSc students) have received their grant from IFPRI/ESSP II and EDRI. For further information, please visit : <http://www.edri.org.et/news.php>

### Upcoming Events

- Several workshops on the impact of the Productive Safety Nets Program (PSNP) will be held in September 2013 in regional capitals and in Addis Ababa.
- A day-long conference on “Improved evidence towards better policies in the teff sector” will be held in the Hilton (Addis Ababa) on Thursday, October 10<sup>th</sup>, 2013.

### Papers Presented at the Eleventh International Conference on the Ethiopian Economy. EEA Conference Hall. July 18–20, 2013.

Find all presentations on: [www.slideshare.net/essp2/presentations](http://www.slideshare.net/essp2/presentations)

#### Smallholder demand for and access to chemical fertilizers in Ethiopia. Guush Berhane and Thomas Woldu.

- With the increased focus given to chemical fertilizers, the performance of Ethiopia's agriculture sector, e.g., in terms of output levels, has improved significantly
- Wealthier, experienced and better educated households have significantly better access

#### Land constraints and agricultural intensification in Ethiopia: A village level analysis of high potential areas. Derek Headey, Mekdiem Dereje, Jacob Ricker-Gilbert, Anna Josephson and Alemayehu Seyoum Taffesse.

- Forced by land constraints, small-scaled farmers apply more fertilizer and other purchased inputs, use more family labor per hectare, increase cereal yields (teff and maize), and increase the overall value of output per hectare
- However, land constraints are strongly linked to lower incomes

#### Learning with Others - A Randomized Field Experiment on the Formation of Aspirations in Rural Ethiopia. Alemayehu Seyoum Taffesse, Tanguy Bernard, Kate Orkin and Stefan Dercon.

- Documentaries on successful people are shown to affect aspirations, expectations, time allocation, savings behaviour, and perceptions of participating households

#### The Formation of Job Referral Networks: Evidence from a Lab-in-the-Field Experiment in Urban Ethiopia. Ibrahim Worku and Stefano Caria.

- Employers can be incentivized to ask more referrals from members of peripheral groups. This would strengthen the latter's position in job networks

#### Ethiopia's Value Chains on the Move: The Case of Teff. Bart Minten, Seneshaw Tamru, Ermias Engida, and Tadesse Kuma.

- 93% of teff farmers in major production areas use chemical fertilizer; 34% use improved seeds
- Quality teff demands are on the rise; there are important shifts from cheap red varieties to more expensive white ones

#### Using evidence in unraveling food supply chains in Ethiopia: The case of teff from major production areas to Addis Ababa. Bart Minten, Seneshaw Tamru, Ermias Engida, and Tadesse Kuma.

- Lower transportation costs lead to higher prices for producers
- Better qualities have higher producer share
- If objective of policy makers is to reduce consumer prices, the focus should be on costs at the farm level (i.e. improved technologies); there is seemingly very little potential at the market level as farmers obtain a high share of the final retail price

#### Spillover Effects of Cash Transfers: What Does LEWIE Have to Say? Mateusz Filipski.

- The impacts of social cash transfers appear to significantly exceed the direct impact of transfers to beneficiaries

#### Effects of Climate Shocks on the Cognitive Development of Children in rural Ethiopia. Guush Berhane and Tilahun Asmare.

- Drought shock has a negative impact on children's Peabody Picture Vocabulary Test (PPVT) score (i.e. used to measure receptive vocabulary, verbal ability, etc.). Old cohort children affected by drought PPVT score is 7 point lower than those not affected

#### Price Response of Rural Households in Ethiopia. Feiruz Yimer.

- Households respond inversely in production level for price change of agricultural goods
- Upward movement of fertilizer price reduces production of agricultural goods and also use of inputs

#### Dynamic Acreage Demand and Supply Response of Farm Households in Ethiopia. Fantu Nisrane and Alemayehu Seyoum Taffesse

- In Ethiopia, crop production is dominated by subsistence farm households with little marketed surplus
- On acreage demand, long-run price elasticity (i.e. the change of acreage allocated to a specific crop when prices of that crop increase) higher and short-run comparable with those in other relevant work

### Ethiopia Strategy Support Program II

#### Research Initiatives 2013:

- Agricultural Productivity: Performance and Constraints
- Determination of Food Prices
- Determinants of Adoption and Impacts of Sustainable Land and Watershed Management
- Dynamic Implications of Production Shocks and Policy on Livestock Markets and Household Welfare: A Sectoral and Economywide Analysis
- Aspirations, Risk, and Household Investment Behavior
- Agricultural Growth Program (AGP) Impact Evaluation
- Accelerating Agricultural Market Transformation in Ethiopia: Processes, Potentials, and Challenges
- Tef Value Chain
- Tef Technology Study
- Understanding and Improving Agricultural Extension Service Delivery in Ethiopia
- Weather Index Insurance
- Evaluating Feed the Future (FTF) Program
- Social Cash Transfer Program (SCTP)

#### Capacity Building Initiatives 2013:

- **Ethiopian Development Research Institute (EDRI)**
  - Support to EDRI SAM/CGE analysis
  - Support policy analysis on agricultural productivity, markets, and economic growth
- **Central Statistical Agency (CSA)**
  - Support to GIS analysis and federal and regional GIS training
  - Support impact evaluation of FTF and PSNP
- **Ministry of Agriculture (MoA)**
  - Support analysis of impact of agricultural extension and impact of new agricultural technologies
  - Support impact evaluation of the Agricultural Growth Program (AGP)
- **Agricultural Transformation Agency (ATA)**
  - Support the establishment and scouting of the Ethiopian Soil Information System geo-database and survey through GIS analysis
  - Support the teff research
- **Ethiopian Economics Association (EEA)**
  - Technical and financial support to the Price Dynamics Hub
  - Support the annual conference

### Policy Related Analysis

#### Cows, missing milk markets and nutrition in rural Ethiopia

by John Hoddinott, Derek Headey and Mekdim Dereje, IFPRI

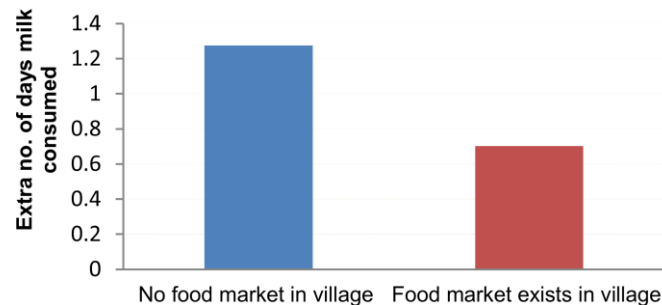
Paper presented at the Farm Production and Nutrition workshop, World Bank, Addis Ababa, Ethiopia

- In rural economies burdened by significant market imperfections, farming decisions may partly be motivated by nutritional considerations, creating the potential for farm assets to have direct impacts on nutrition.
- The paper tests this hypothesis in the context of dairy markets in Ethiopian rural setting - where markets are very thin, own-consumption shares are very high, and milk is an important source of animal-based proteins and micronutrients for young children.

#### Result

- We find that cow ownership raises children's milk consumption, increases linear growth and reduces stunting in children by nine percentage points.
- In rural Ethiopia, where dairy markets are incomplete, cow ownership has a large and positive impact on milk consumption and linear growth of young children - household ownership of a single cow predicts an increase in the Height-for-Age Z-score (HAZ) of between 0.25 and 0.47 standard deviations and reduces stunting by between 6 to 13 percent.
- Nonetheless, household cow ownership is less important where there is good access to either formal or informal local markets, suggesting that market development can substitute for household cow ownership.
- Our findings indicate in areas that have a sizeable market within their village that household cow ownership has no impact on linear growth. Thus, suggesting strong support for the long run role of market development in reducing the short term necessity of cattle ownership for children's milk consumption and growth trajectories.
- This has a potential significance in the context of a policy environment placing greater emphasis on better leveraging the nutritional impact of agricultural interventions.

#### Impact of cow ownership on milk consumption by access to food market



Source: Authors' calculation

#### Conclusions

- If markets are missing, production and consumption decisions are not separable. Production decisions can then directly affect nutrition.
- Cow ownership is linked with higher milk consumption by children 6–12 months, increase in Height-for-Age Z-score, and reduction in stunting.
- In rural settings, cow ownership at the household level has the largest short term benefits whereas, improved productivity and marketing in the dairy sector are outcomes that yield sustainable long term benefits.
- Strong policy implications for external interventions to develop local markets.
- There is a need for further research and policy experimentation. An experimental approach could enhance results of the analysis. Analytical evidence supports experimentation interventions to increase cow ownership; dairy productivity; and dairy market development. Choice between the interventions has important tradeoffs and synergies.

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